

# Cash within Transact

## User Guide

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# 1. Real cash, not cash funds

Cash within Transact is held as a direct pooled holding in our client money accounts rather than allocated to money market funds.

Rebates on fund annual management charges from investments held on Transact are automatically used to buy units in low-risk cash funds (instead of being applied to Transact Portfolios as cash).

# 2. How cash is held within a Transact Portfolio

Each wrapper can hold cash, in the same way as any other asset. There is no separate 'cash account' within the Portfolio holding all of the cash – it can be split into whichever wrappers you feel are most appropriate for each individual client.

We do not set up individual deposit accounts for each client (please see clause 5.2 of our Transact Terms and Conditions for the Transact wrap service). We pool all client money and place cash in one or more interest-bearing accounts at banks or other appropriate financial institutions.

Integrated Financial Arrangements Ltd ("IFAL") is required to provide a clear and distinct separation of its own assets and those belonging to its clients. This is why we established a wholly owned subsidiary called Transact Nominees Limited. This business is limited solely to the holding of client assets, or activities, directly related to the holding of client assets. However, for regulatory purposes, all client cash must be held directly by the regulated entity and it is therefore held in the name of Integrated Financial Arrangements Ltd in client money accounts at approved banks.

# 3. Cash Value Breakdown explained

The Cash Value Breakdown is shown in Transact Portfolios on our website. The breakdown is designed to help you when advising and managing clients' cash. It provides detail about a client's cash position, makes it clearer how the cash balance in each wrapper is comprised and details how much cash in the client's Transact Portfolio can be used for investment and for withdrawal.

Cash balances are updated throughout the day, each working day. This helps you to time instructions to us for investments and withdrawals and explains why the amount of cash available for investment might often be more than the amount available for withdrawal and why the full, top line, cash number in a Portfolio might not be available in its entirety.

A detailed view, providing an extra layer of information, shows a breakdown of the balance of each category of cash. This reflects recent transactions and explains the detail behind the totals. Simply click on the 'Show' link next to the 'Cash Value Breakdown' to reveal the summary view and then click on 'Detailed View' for the further breakdown. The breakdown is provided under three headings:

- This is how much cash you can invest, if you do not withdraw anything
- This is how much cash you can withdraw, if you do not invest anything
- This cash is currently unavailable for use.

## 4. How the cash value breakdown numbers add up

Here is an example of the detailed view of a client’s ISA wrapper, with £26,773.91 of cash and two investments.

The screenshot shows an ISA (Stocks/Shares) portfolio summary and a detailed cash value breakdown. The portfolio summary lists Cash, 7IM Adventurous Class C (Acc), Henderson Multi Manager Active Fund Class I (Acc), and SAGA Plc (SAGA). The cash value breakdown is categorized into three sections: cash available for withdrawal, cash available for investment, and cash currently unavailable for use. Callouts explain that the total portfolio value of £26,773.91 includes cash and investments, but the cash value breakdown shows a total of £0.00 for withdrawal, £438.70 for investment, and £18,335.21 for unavailable use. A final calculation shows that £8,438.70 (settled and incoming monies) minus £8,000 (outgoings) equals the £438.70 available for investment.

Investment	Original Cost	Units/Shares	Price	Value	Gain/Loss
Cash				£26,773.91	
7IM Adventurous Class C (Acc) GB0033958009	£11,700.36	6,037.8590	£2.0735	£12,519.50	7.0%
Henderson Multi Manager Active Fund Class I (Acc) GB00B83VFR76	£26,996.92	26,382.9600	£1.3730	£36,223.80	34.2%
SAGA Plc (SAGA) GB00BLT1Y088	£740.00	400.0000	£1.5555	£622.20	(15.9%)
<b>Total</b>				<b>£76,139.41</b>	

  

Category	Value	Total
<b>This is how much cash you can withdraw, if you do not invest anything</b>		<b>£0.00</b>
Settled cash	£700.11	
Unsettled cash already used	-	
Fees Awaiting Completion	-	
Reserved for Purchases Awaiting Contract Note		
Old Mutual Ethical (Acc) GB00B0JZPC21	(£8,000.00)	
<b>This is how much you can invest, if you do not withdraw anything</b>		<b>£438.70</b>
Settled cash	£700.11	
Unsettled cash already used	-	
Fees Awaiting Completion	-	
Reserved for Purchases Awaiting Contract Note		
Old Mutual Ethical (Acc) GB00B0JZPC21	(£8,000.00)	
In Transit from Unsettled Sales		
BT Group Ords (B.T.A) GB0030913577	£2,738.59	
Client Deposits Awaiting Clearance		
Cheque Deposit Awaiting Final Bank Clearance - 27/11/2014	£5,000.00	
All other unsettled incoming cash	-	
<b>This cash is currently unavailable for use</b>		<b>£18,335.21</b>
In Transit from Unsettled Sales (Limited Liquidity Assets)		
Standard Life UK Equity Unconstrained Fund P1 (Acc) GB00B7LK2232	£18,335.21	

**Settled & incoming monies:**  
 £700.11 from settled cash plus  
 £2,738.59 from BT sale plus  
 £5,000 cheque deposit  
**equals £8,438.70**

**Outgoings:**  
 £8,000 is cash reserved for purchases  
**£8,438.70 - £8,000 = £438.70**

**Total**  
 £0.00 + £438.70 + £18,335.21 = **£26,773.91**

It is immediately obvious that the three categories of cash in the “Cash Value Breakdown” section do not add up to the top line total value of £26,773.91. In short this is because the top line total value excludes any negative balances of “settled cash”. In the example above, the top line total value is the sum of the positive values for settled and incoming monies – being £700.11, £2,738.59, £5,000.00 and £18,335.21 making a total of £26,773.91.

Settled cash	£700.11
Unsettled sale of BT Group	£2,738.59
Cheque Deposit	£5,000.00
Unsettled sale of Glanmore Property Fund A (Inc)	£18,335.21
<b>Total</b>	<b>£26,773.91</b>

There is reserved cash of £8,000.00. This value is ignored because it is simply an amount that has been reserved, but not yet paid, for a purchase. So it must be deducted from cash available for investment and cash available for withdrawal.

## 5. Interest on cash held

The majority of clients' pooled cash earns interest at a rate provided by the receiving banks. The balance is to be found for example in transit between client accounts and fund managers. The bank deposits are structured to ensure that sufficient liquidity is maintained. Due to the nature of the cash flows, the 'annual equivalent interest rate' cannot be forecast or guaranteed, but we publish the rate that has been achieved each month in our monthly 'Adviser Update' newsletter. You will also be able to see the current and historical rates on our website by clicking on the blue 'i' icon on the client's Portfolio valuation screen next to where cash is listed in each tax wrapper. For further details, please see clause 3.11 of the Transact Terms and Conditions for the Transact Wrap Service.

## 6. Access to cash

Clients have access to their settled cash balance via a bank transfer. Withdrawal instructions of £100 or more, if received by 1pm, will be processed the same business day and typically paid by the Faster Payment System. Withdrawals of less than £100 are normally paid by BACs and take three business days to complete. All withdrawals must be paid to a nominated and verified bank account in the client's own name, or to the client's Transact General Investment Account ("GIA"). Please also see clause 4.7 of the Transact Terms and Conditions for the Transact wrap service.

## 7. Holding cash in an ISA, LISA or a JISA

Current year subscriptions from Stocks and Shares and Cash ISAs can now be transferred in full or in part (prior to 6 April 2024, they could only be transferred in full). Previous year subscriptions were always allowed to be transferred in full or in part.

LISAs can only have current year subscriptions transferred in full. If you want to transfer stocks and shares ISAs, cash ISAs and innovative finance ISAs held with other Providers into the Transact Lifetime ISA:

You can transfer up to £4,000 of your subscriptions made in a previous tax year

You can transfer the subscriptions made in the current year if they are £4,000 or less

If the value of your current year subscriptions is greater than £4,000 you will not be able to transfer them into your Transact Lifetime ISA

Any amount that you transfer from a stocks and shares ISA, cash ISA or innovative finance ISA will count towards the lifetime ISA annual allowance but will not count towards your overall ISA annual allowance

We will claim any bonus that has not yet been claimed by your current ISA provider.

We also offer a cash JISA and a stocks and shares JISA.

## 8. Minimum cash balance

There must be cash within each wrapper from which both the Advisers' charges and our charges can be paid. We therefore require a minimum balance of at least 2% of the value of each wrapper in the Portfolio to be held in cash (please see clause 3.9 of the Transact Terms and Conditions for the Transact Wrap Service for further information).

## 9. Fee payment wrapper

A client can elect to have all the charges associated with the ISA, LISA and JISA wrapper(s) paid from the cash held in the GIA, thus maximising the invested money in the tax-shielded environment. This is known as a fee payment wrapper. We do not allow this for the Pension wrappers.

For Onshore and Offshore bond wrappers, Transact charges will always come from cash held within the Bond. Adviser charges can be paid from the cash held in the GIA (the fee payment wrapper) or the Bond.

For the LISA, charges paid to the adviser or discretionary investment manager must be paid from a fee payment wrapper outside of your Transact LISA.

Fee payment arrangements will be cancelled at the beginning of each month if the fee payment wrapper has insufficient wrapper value to pay the fees. The fees will then be deducted from the wrapper they relate to. New fee payment arrangements can be made in future if needed.

Please note, the value of non-trading assets will be taken into consideration when assessing the value of the wrapper.

Fee payment arrangements will not be cancelled if:

- The fee payment wrapper has been open for less than three months, or
- The fee payment wrapper has an incomplete asset transfer transaction, or
- The fee payment wrapper has an incomplete deposit transaction.

## 10. Low cash levels

Where the cash in a Portfolio is insufficient to meet the charges due, we have procedures in place to restore the necessary cash balance. For further details of these procedures, please refer to the Negative and Low Cash Procedures document in the User Guide section on our website (under 'Transact Information'), and clauses 3.9 and 13.2 of the Transact Terms and Conditions of the Transact Wrap Service.

## 11. Deduction of tax

We are required to deduct income tax (at 20%) where applicable from interest earned and this will be clearly visible in the Portfolio's Transaction Listing. We can pay interest gross to charities, companies and pension schemes that hold a Transact Portfolio.

Please note that the value of any tax benefits described in this guide will depend on individual circumstances. Tax rules may change in the future.

**This document is for use by Financial Advisers only.** It is intended as general guidance only and should not be viewed as a recommendation to use or rely on any of the features mentioned. Information contained in this document is not advice, nor is it a substitute for advice



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